GOVERNMENT OF THE DISTRICT OF COLUMBIA Office of the Chief Financial Officer



Natwar M. Gandhi Chief Financial Officer

MEMORANDUM

TO:

The Honorable Vincent C. Gray

Chairman, Council of the District of Columbia

FROM:

Natwar M. Gandhi

Chief Financial Officer

DATE:

SEP 24 2007

SUBJECT:

Fiscal Impact Statement: "Home Equity Protection Act of 2007"

REFERENCE:

Bill Number 17-101, Committee Print

Conclusion

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation is not anticipated to have a fiscal effect on the District's budget and financial plan.

Background

The proposed legislation would make it illegal in the District to engage in "foreclosure rescue transactions" for compensation or gain. A "foreclosure rescue transaction" is defined as any transaction that involves the transfer of title to real property (or an interest in the property) by a homeowner during a foreclosure proceeding to another party, provided that the transaction includes the subsequent conveyance, or promise of conveyance, of an interest back to the homeowner. The proposed legislation does not prohibit foreclosure rescue transactions that are not carried out for compensation or gain.

The proposed legislation would also make it unlawful to advertise or promote the availability of foreclosure rescue transactions in the District and would establish criminal penalties for violations of the prohibitions enumerated in the legislation. Finally, the proposed legislation would authorize the Office of the Attorney General (OAG) and homeowners to take action for damages incurred from violations of the proposed law.

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Financial Plan Impact

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The Office of the Attorney General may seek injunctions against violators of this proposed legislation. It is anticipated that any potential increase in workload for the OAG could be absorbed within existing agency resources.